

BEFORE PUBLIC HEARING

PUBLIC UTILITIES COMMISSION OF THE STATE OF

Order Instituting Rulemaking to a  
Based Decision Making Framework to  
Safety and Reliability Programs and  
the General Rate Case Plan

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Opening Comments of Utility Workers and (UWA)

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Opening Comments of Utility Workers' Union (UWUA)  
Comments

A. Introduction

In attempting to explicitly delineate the Commission's standard taken important next step in lowering water utility framework that reflects the importance and advancement of safety as a This vision of mature adults addressing one another from skill sets was out to make the operational margins infrastructure and safe operation of facilities essential that services the public in a dynamic physical and economic environment significant advance for implementing a type of effective safe It differs from other litigation models utility proposed in pleading, for cost a delivery of programs reactions from not stakeholders.

The Commission has been about its new scheduling this As part of our deliberate efforts to change our culture order to elevate safety, we ROP the technical review to explicitly include a showing of source of program appropriate safety, reliability and security of the utility's systems, and not just a presentation of claimed costs R.13-11-006, at page 7

The scrutiny of evaluation of how the utility's and manage across the entire utility enterprise. The risk: identified and mitigated from the perspective of the denial of critical threats of equipment or facility failure due maintenance external event; threats of explosion, and for that employees, as described in the Commission's governing statute. The UWUA has been the and past years in proceedings the Commission to move in this direction. In Part B

1. *Report of the Independent Review Panel*, ¶¶ 2-19, on June 15, 2011, footnote 67 omitted and encl. 13, page 10.12

and policy issues initiated by the outcome of the following on the importance of transparency, value of the proposed Part C, follow of the Coalition of Utility Employees (UUE) revision of the of the Rate Case Plan (RCP) that achieves the Commission service quality and rates through a new Service Adequacy Plan in UUA responds to specific objectives of the Commission's Strategic Memo, Section 4.

**B. Legal and Policy Issues**

**1. Public Utilities Section and Security Ad**

The basic statute governing the Commission's responsibilities utilities expressly couples reasonable rates and adequate service.

451. All charges demanded by a public utility by more public utilities for any product or service furnished or any service rendered to be reasonable. Every unjust or unreasonable charge demanded for such product or commodity or service is unlawful. Every utility shall furnish adequate, safe, and reasonable service, instrumentalities, equipment, and facilities, telephone facilities, defined in 54.1 of the Civil Code, necessary to promote, in the health, safety, and convenience of patrons, employees, and the public. All rules made by public utility for affecting or service to the public shall be reasonable.

The Commission has struggled with the legal issues of a more relaxed regulation, relying variously on market discipline, performance based regulation (rate incentives), and more reinvigorated enforcement regimes (and threats of penalties) the objective of adequate service, while focusing almost exclusively on establishing revenues and reviving regulation in the public interest new approach that tightly and explicitly safety, reliability, and responsiveness and

As the Commission has recognized in its order initiating the Commission's proceedings, the Commission's service adequacy requirements for the gas industry in SB 705, which places the public utility's obligations on section 963(b)), and has provided a process for the public utility to achieve its objectives including the possibility of injury and damage hazards. Pub. Util. Code section 961. While there is safety in the electric industry, the Commission's framework of existing legal provisions identify hazards, preventive measures to minimize injury and damage, and the public utility's responsibility to improve its response and recovery assurance an adequate workforce to effectively implement the preventive measures; provide for robust and durable infrastructure and maintenance of employees in the development of these programs

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**2. The Problematic Relationship between Service Quality and**

Years Ago Kahn accurately described this public utility and that the Public Utility Commission in the wake of the Public Utility rate regulation process better suited to addressing the issues of

If, as far as is possible, the public utility's responsibility rests only with the private monopolist, and the government supervisor only where objective standards can be set or, after the monopolist's performance has been determined, omitted do we have an adequate assurance... that his position is good and he can be continuously as good as possible? If poor service is equivalent of high price, why is there not just as monopoly power will involve the public utility as a public utility danger of sluggishness with respect to both efficiency and reduction, is there not the danger of sluggishness as quality and extending the scope of service?

These problems are all... they deserve more creative and attentive attention than they now receive.

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Pub. Util. Code sections 761 and 768 authorize the practices for public utility if it finds existing rules or practices inadequate. Pub. Util. Code 701 authorizes the Commission necessary to carry out its regulatory responsibilities.

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However, the Commission has not proposed setting service standards beginning with processes designed to, in fact, respond to a higher (punishment for) “obviously bad” performance. The Commission has as a for working goals and activities intended to maintain of the public in the ability of the gas system to public’s needs safely and effectively.

This for working approach articulating goals and taking concrete steps to put in place transparent and to meet the Commission’s stated goals, culture change in the gas industry. In place of identified by the Independent Review Panel Report as industry, the UWUA is proposing a culture that places customer transparency and accountability at the forefront, and articulates goals and procedures to implement the 4 footnotes omitted.

This approach supports the Commission’s “Authorized Revenues” by providing an explicit basis for determining value of service from the Commission’s knowledge of what they are for. The Commission’s UWUA is paying for the Commission’s revised Rate Case Plan at the rate of the Commission’s safety and reliability rates (including the more detailed proposal for UWUA outlines a process intended to close and explicit relationship between rates and service quality reliability.

### 3. The Importance of Transparency and Accountability

In R.11-02-019 the Commission calls for and requires an

...the technical state of the utility system, giving a operational system as well as an assessment of its risk? low risk and high risk, providing the necessary for explaining the metrics underlying the utility’s evaluated in terms of implementation in the associated metrics of the security and safety of the

5. See the Commission’s R.11-02-019 on July 15, 2011, page 13 and safety



authorities to create a free flow of information (transparency) best value for providers revealed.

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#### 4. The Problem of Regulatory Capture and Employee Participation

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The problem of achieving greater transparency is closely regulatory capture. UWUA defined being in a problem as a differential access to information on management provided information suggested solutions. April 18, 2012 in the Sempra Company 2005/006, heavily on the Com prior statement of the problem. 1999 PG&E Case, General D.00-02-46 (issued February 24, 2000):

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“Regulatory capture” occurs when special interests or political bodies regulatory agencies, their own. In the regulatory context “regulatory capture is specifically through which regulators end up manipulating the state that are supposed to regulate. For example, “Regulatory Capture: A Review,” 22 Oxford Review 203 (2003).

In Pacific Gas and Electric D.00-46, the Commission discussed the problem in detail, quoting extensively from older sources:

“The relative advantage of utilities in ratemaking litigation recognized. Over the observed the following 73 years ago:

“Successful regulation of great public utility corporations and easy matter. The utility industry has at times to save the Commission from exerting itself. They state that they do not which they themselves declare to be in the public interest. Commission, and to tell the Commission what its duty there is of this, the more the Commission needs experience do its own investigations to the bottom. Very few states have enough funds to enable the Commission do their work. The only way for a Commission quickly is to provide what it has to do, and often as well as the public interest of delay.

“If the Commission depends upon the consumers or the present public side of the controversy, the evidence will be heavily weighted in working from inside against the companies having all the experience

□

and spend taxed ... great utilities before Public Commission, 1941, pp. 13-14 (emphasis added.)

“The information - 1999 is better than our resources information painted the Commission by comparison.”

The legalistic evidence of litigated proceeding. The of type problem from public and accountability Commission, and suffered can Commission importance proposals independent proceeding formal asymmetry.”

UWUA

Opening Brief, pages 5-13, footnotes attached emphasis added

UWUA



- ✓ Replace the NOI phase with a Service Adequacy phase operating risks and safety, reliability, time, business and responsiveness, including the Service. This phase is open IOU's application filed in December preceding the Test Y
- ✓ Service Adequacy phase does not include evidentiary hearing discovery and workshipped adequate witness an opportunity direct interaction of utility proponent and other parties
- ✓ Service Adequacy Phase reflects ongoing reporting by staff and parties concerning service quality, reliability and service effectiveness and timeliness.
- ✓ IOU's application presents data on electric and/or gas operating issues and safety, reliability, time, business and responsiveness of service functions.
  - IOU's present service activities including hazard identification, mitigation, preventive maintenance aspects of safety, reliability, effectiveness (each customer on the pro credit; security of personal information, etc.), and service (connection, disconnection, outage and restoration management, response and repair) Commission data relate to revenue IOUs present capital investment programs for evaluation including financial means.
  - Evaluated metrics IOUs include in report, plus any relevant metrics
    - SB 705 Safety Plan performance
    - GO-112 and PHMSA reports, defects, leaks
    - Electric reliability metrics
    - Service metrics including call center performance, customer accounts and personal information, placement on correct tariffs,
    - Selection of metrics should evolve over time
  - SED/ORCA consultant report, analysis and recommendations parties
  - Includes identification and analysis hazards potentially causing probability/high consequence events including mitigation and preventive
- ✓ Sets service adequacy framework for Revenue Requirement Phase
- **Revenue Requirement Phase**
  - ✓ the Commission determines achievement of commission established service quality levels and goals based on historic actual expenditures adjusted for fixed, changes such as work, expected wage and benefit

- ✓ Application, testimony and decision mapped to Uniform based on most recent year evaluation to begin with filing Forms 1 and 2 for prior year on NS/ACA Phase proceeds.
- ✓ Staff and interval of revenue proposals takes place with Service Adequacy Phase, retaining the functionality
- ✓ RR model validation, pursuant to PU Code 85 is
- ✓ End the use of speculative forecasted output estimates with year actuals reflected in Uniform System of Accounts known and measurable changes in safety, reliability and quality standards, verifiable and goals

• **Timing**

- ✓ Application filed in December, with a concurrent SED/OI service quality
- ✓ Application/Safety and Reliability Phase begins in March, with a Phase Decision.
- ✓ Revenue Requirement Phase begins in April brings in December and the second year from a Phase
- ✓ Rate Design begins in June of Year 2

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**D. Detailed Response to Questions 06 R.13**

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**4.1 Process to provide appropriate analysis, safety and risk management**

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Adapting CPCN procedures including Adequacy Phase not the right Review fully developed safety plan under SB 7 several reasons

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1) SB 705 as a guiding identification of “how” the “achieve” various operational outcomes described in the Service Adequacy Phase can address those service quality issues and articulated after the PHC.

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2) SB 705 hazard identification and mitigation. a philosophy that begins with preventive paths Service Adequacy Phase is to focus the Commission and the safety. It is forward looking and performance of preventing harms foreseen as a result of risks.

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3) **basic** **goals** **transparency** **ac fostering** **role** **disc** **among** **managers** **workers** **commission** **staff** **and** **public**

It **is** **appropriate** **ORC** **OSD** **in** **has** **technical** **support** **evaluate** **utility** **proposal**, **explored** **system** **from** **back** **workers** **in** **the** **field**. **establishing** **additional** **professional** **skill** **sets** **for** **staff** **in** **accounting**, **engineering**, **and** **enforcement** **is** **crucial**; **you** **investigative/review/oversight** **functions** **is** **counterproductive**.

The **Service** **Assessment** **(Phase 1)** **should** **begin** **with** **the** **a** **report** **on** **prescribed** **parameters** **for** **service**, **budget** **ED** **by** **ORA**. **The** **Peer** **Conference** **(PHC)** **should** **be** **held** **after** **the** **completion** **of** **representatives**, **consumer** **representatives**, **public** **interest** **representatives** **and** **stakeholders** **have** **had** **an** **opportunity** **to** **review** **both** **documents**.

The **Commission** **should** **begin** **Phase 1** **with** **the** **review** **processes** **for** **review** **of** **the** **5** **safety** **plans** **and** **performance** **should** **develop** **the** **utility** **application**, **so** **that** **Cor** **and** **parties** **are** **not** **placed** **in** **the** **position** **of** **litigating** **document**. **This** **approach** **permits** **the** **technical** **and** **Not** **off** **the** **NOI** **procedure**, **which** **is** **used** **primarily** **by** **respondent** **participations** **of** **the** **utility** **approach** **to** **formal** **filing**.

After **the** **PHC** **has** **defined** **the** **services** **to** **be** **Phase** **(Phase 1)** **should** **be** **conducted** **informally**, **with** **a** **robust** **discovery**, **and** **a** **series** **of** **workshops**. **These** **models** **and** **Commissioners** **should** **be** **published** **in** **the** **Commission's** **docket** **so** **that** **the** **reasoned** **findings** **if** **it** **is** **not** **based** **on** **“sworn** **testimony”** **subject** **to** **cross** **examination**.

**4.2 Comprehensive review of safety, security and risk management GRC applications**

*How should the Commission develop a new RCP for link strategy and goals to resource allocation? What are needed in order to effectively, method, practices and*

assessing risk of safety, security, and/or reliability deficiencies requested funding for a GRC?

Q

Answer: See the Introduction and Policy Considerations of the of the for the structure of revenues and service adequacy.

Q

What criteria should be used by the Commission to the produced an adequacy risk GRC finding?

Answer: The utility's initial filing and responses by ORA, should be sufficient together to identify the issues the GRC. Placing the onus for an adequate gives the utility management responsibility for the Commission's agenda. The PHC should be scheduled to elicit issues related to safety, reliability, customer including timelines and effectiveness, and results be encompass environmental and economic justice issues (cu risks related to service needs driven by environment community factors.)

Rate and revenue issues should be formed by the decision about service quality, and reliability and should respond to the Commission's decision in Phase matters.

Q

Is the development of safety, reliability, and security assessments could be used internally or externally for the purposes?

Answer: Yes, such a development is desirable. "review" is.

Q

Who should bear the cost of developing safety assessments the Commission might be using?

Q

Answer: These costs are to be funded through the utility; statute, Pub. Util. Code sections 431 et seq.

Q

**4.3 Timing of the GRC applications**

*What should be the interval between GRCs for energy utilities? Should all energy utilities be treated uniformly? What should the schedule look like in the coming years?*

Answer: The GRC interval should be four years if the utilities during the interval on implementation of SB 705 utilities and on development of comparable plans for The litigation model for GRCs initiated by carefully constructed pleadings should be adopted as a GRC that includes periodic review and utility's processes, its safety service quality journey. Transparency, including simplification accounting by requiring GRC filing to use only the Accounts and mapping all other accounting systems and models in the USA is a critical element here. Utilities should be reviewed on the New England utilities should not be consolidated for GRC purposes again.

*How can we determine the timing of the incoming NOIs as well as the attrition years in order to reduce pressure on workload and allow adequate time for careful analysis?*

Answer: One GRC every four years for the four major utilities beginning. Treatment of capital and other investments reflect ongoing service and safety achievements.

*Under any of these scenarios, what consequence(s) should follow from utility's failure to meet its filing deadline under the plan?*

Answer: If ongoing periodic public review has occurred there should be no failure to file.

*Under any of these scenarios, what review of utility spending should occur in the intervening years?*

Answer: The issue is utility performance and achievement of not utility spending. There should be no regulatory negotiating with revenue issues addressed, if necessary, in offset of demonstrated failure to provide adequate service due to utility's control (natural disaster, massive military attack, net

**4.4 RCP schedule**

The Commission provides for regarding consultation among stakeholders on issues of service adequacy, so that the G and recalibration of the relationship between and rates and costs, one-time type costs. Other than this general observation, the give the ALJ and Assigned Commissioner broad discretion to consistent with due process and prompt public participation by the

**4.5 Uniform application of the provisions of the RCP**

The RCP framework and the timetables should be

**4.6 Reducing Complexity**

Thorough preparation by all parties and transparency that application and application reporting, monitoring and interaction among managers, utility employees are the best ways to alleviate complexity that often besets the GRC process.

**Conclusion**

For the foregoing reasons the Commission should revised the provide for Service Adequacy Phase of the General Rate Case

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